

$$\underline{12} \ / \ \underline{31} \ / \ \underline{15}$$

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APR 29 2016

~~CONTINUING CARE~~
CONTRACTS BRANCH

EMAIL: Davids@ichome.org

FORM 1-1
RESIDENT POPULATION

<u>Line</u>	<u>Continuing Care Residents</u>	<u>TOTAL</u>
[1]	Number at beginning of fiscal year	<u>7</u>
[2]	Number at end of fiscal year	<u>19</u>
[3]	Total Lines 1 and 2	<u>26</u>
[4]	Multiply Line 3 by “.50” and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	<div style="border: 1px solid black; padding: 2px; display: inline-block;">13</div>
All Residents		
[6]	Number at beginning of fiscal year	<u>235</u>
[7]	Number at end of fiscal year	<u>232</u>
[8]	Total Lines 6 and 7	<u>467</u>
[9]	Multiply Line 8 by “.50” and enter result on Line 10.	x .50
[10]	Mean number of <i>all</i> residents	<div style="border: 1px solid black; padding: 2px; display: inline-block;">233.5</div>
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of <i>all</i> residents (Line 10) and enter the result (round to two decimal places).	<div style="border: 1px solid black; padding: 2px; display: inline-block;">0.06</div>

FORM 1-2
ANNUAL PROVIDER FEE

<u>Line</u>	<u>TOTAL</u>
[1] Total Operating Expenses (including depreciation and debt service – interest only)	<u>\$9,695,805</u>
[a] Depreciation	<u>\$1,120,861</u>
[b] Debt Service (Interest Only)	<u>617,965</u>
[2] Subtotal (add Line 1a and 1b)	<u>1,738,826</u>
[3] Subtract Line 2 from Line 1 and enter result.	<u>7,956,979</u>
[4] Percentage allocated to continuing care residents (Form 1-1, Line 11)	<u>0.06</u>
[5] Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	<u>\$477,419</u>
[6] Total Amount Due (multiply Line 5 by .001)	<u>x .001</u> <u>\$477.42</u>

PROVIDER: Inland Christian Home, Inc.

COMMUNITY: Inland Christian Home, Inc.

April 30, 2016

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CONTINUING CARE
CONTRACTS BRANCH

Continuing Care Contracts Branch
California Department of Social Services
744 P Street, M.S. 8-3-90
Sacramento, CA 95814

I, David Stienstra, certify that:

- The annual report and amendments thereto are correct to the best of my knowledge.
- Each continuing care contract form in use or offered to new residents has been approved by the Department.
- As of the date of this certification, Inland Christian Home, Inc. is maintaining the required liquid reserves and, if applicable, refund reserve.

Sincerely,



David Stienstra
Executive Director

ACORD™ CERTIFICATE OF LIABILITY INSURANCEDate (MM/DD/YR)
12/7/2015

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER

Heffernan Insurance Brokers
1350 Carlsback Avenue
Walnut Creek, CA 94596
CA License #0564249

CONTACT

NAME: Stacey Okimoto

PHONE
(A/C, No, Ext): 925-934-8500FAX
(A/C, No): 925-934-8278EMAIL
ADDRESS: StaceyO@heffins.com**INSURERS AFFORDING COVERAGE**

NAIC #

INSURED

Inland Christian Home
Inland Christian Home Foundation, Inc.
1950 S. Mountain Ave.
Ontario CA, 91762

INSURER A: Nationwide Mutual Fire Insurance Co.

23787

INSURER B: Depositors Insurance Company

42587

INSURER C:

INSURER D:

INSURER E:

INSURER F:

COVERAGES**CERTIFICATE NUMBER:****REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSRL TR	TYPE OF INSURANCE				ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	<input checked="" type="checkbox"/>	COMMERCIAL GENERAL LIABILITY					ACP3016885716	12/01/2015	12/01/2016	EACH OCCURRENCE	\$ 1,000,000
		CLAIMS-MADE	<input checked="" type="checkbox"/>	OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 100,000
										MED EXP (Any one person)	\$ 10,000
										PERSONAL & ADV INJURY	\$ 1,000,000
		GEN'L AGGREGATE LIMIT APPLIES PER								GENERAL AGGREGATE	\$ 3,000,000
	<input checked="" type="checkbox"/>	POLICY	<input type="checkbox"/>	PRO-JECT						<input type="checkbox"/>	LOC
		OTHER									
B	AUTOMOBILE LIABILITY				X		ACP3016885716	12/01/2015	12/01/2016	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000
	<input checked="" type="checkbox"/>	ANY AUTO								BODILY INJURY (Per person)	\$
		ALL OWNED AUTOS	<input type="checkbox"/>	SCHEDULED AUTOS						BODILY INJURY (Per accident)	\$
		HIRED AUTOS	<input type="checkbox"/>	NON-OWNED AUTOS						PROPERTY DAMAGE (Per accident)	\$
											\$
A	<input checked="" type="checkbox"/>	UMBRELLA LIAB		<input checked="" type="checkbox"/>	OCCUR	ACP3016885716	12/01/2015	12/01/2016	EACH OCCURRENCE	\$ 2,000,000	
		EXCESS LIAB		<input type="checkbox"/>	CLAIMS-MADE				AGGREGATE	\$ 2,000,000	
		DED		RETENTION	\$					\$	
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N				N/A					PER STATUTE	OTH-ER
	ANY PROPRIETOR/PARTNER/EXECUTIVE/OFFICER/MEMBER EXCLUDED? (Mandatory in N.H.) <input type="checkbox"/>									E.L. EACH ACCIDENT	\$
	If yes, describe under									E.L. DISEASE - EA EMPLOYEE	\$
	DESCRIPTION OF OPERATIONS below									E.L. DISEASE - POLICY LIMIT	\$
A	PROFESSIONAL LIABILITY						ACP3016885716	12/01/2015	12/01/2016	EACH MEDICAL INCIDENT	\$ 1,000,000
										AGGREGATE	\$ 3,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Re: Regarding 2015 Ford Transit Van # 1FBAX2XV5FKA15835. Comprehensive and Collision Deductibles are \$500.

Citizens Bank is included as an additional insured on Automobile Liability policy and Loss Payee as respects Auto Physical Damage, if required. The additional insured and Loss Payee endorsements have been requested to the insurance company for the Automobile Liability policy and will be forwarded when received.

CERTIFICATE HOLDER

Citizens Bank
1201 East Katella Avenue, 2nd Floor
Orange, CA 92867

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED
REPRESENTATIVE

INLAND CHRISTIAN HOME, INC.
CONSOLIDATED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2015 AND 2014

INLAND CHRISTIAN HOME, INC.

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INDEPENDENT AUDITORS' REPORT

March 30, 2016

Board of Directors
Inland Christian Home, Inc.

We have audited the accompanying financial statements of Inland Christian Home, Inc. (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2015 and 2014, and the related consolidated statements of activities, changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Inland Christian Home, Inc. as of December 31, 2015 and 2014, and the changes in its activities, net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses in Exhibit E is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in dark ink, appearing to read "Van Dyk & Associates", is written over the printed name.

VAN DYK & ASSOCIATES

INLAND CHRISTIAN HOME, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2015 and 2014

ASSETS

	2015	2014
CURRENT ASSETS:		
Cash in Bank	\$ 1,842,794	\$ 1,025,901
Investments	45,183	40,668
Accounts Receivable, Net	670,183	698,625
Inventories	26,700	26,700
Prepaid Expenses	37,176	34,776
Total Current Assets	<u>\$ 2,622,036</u>	<u>\$ 1,826,670</u>
PROPERTY, PLANT AND EQUIPMENT	<u>\$ 20,147,381</u>	<u>\$ 20,382,682</u>
OTHER ASSETS		
Deposits	<u>1,000</u>	<u>1,000</u>
TOTAL ASSETS	<u>\$ 22,770,417</u>	<u>\$ 22,210,352</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Current Portion of Long-Term Liabilities	\$ 893,698	\$ 711,644
Accounts Payable	185,111	158,772
Deposits	93,695	107,695
Current Portion of Annuity Payable	8,920	42,900
Accrued Expenses	373,451	382,300
Total Current Liabilities	<u>\$ 1,554,875</u>	<u>\$ 1,403,311</u>
NON-CURRENT LIABILITIES:		
Long-Term Debt, Net of Current Portion	\$ 13,043,606	\$ 13,469,730
Long-Term Portion of Annuities Payable	0	8,920
Unearned Portion of Rents Paid	1,738,043	2,247,397
TOTAL NON-CURRENT LIABILITIES	<u>\$ 14,781,649</u>	<u>\$ 15,726,047</u>
TOTAL LIABILITIES	<u>\$ 16,336,524</u>	<u>\$ 17,129,358</u>
NET ASSETS:		
Unrestricted	<u>6,433,893</u>	<u>5,080,994</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 22,770,417</u>	<u>\$ 22,210,352</u>

See Accompanying Notes and Accountants' Audit Report

INLAND CHRISTIAN HOME, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2015 and 2014

	2015	2014
UNRESTRICTED NET ASSETS:		
Unrestricted Revenue, Gains and Contributions	\$ 5,404,196	\$ 4,902,741
Skilled Nursing Fees	1,022,014	1,100,597
Assisted Living Fees	960,272	1,010,000
Inland Haven Fees	2,132,154	1,964,270
Cottage and Apartment Rent Earned	622,586	677,284
Custodial Home Care Fees	27,772	30,826
Foundation Fund Donations	98,710	75,818
Meals Sold	1,300	2,100
Laundry	1,396	1,130
Interest and Dividend Income	102,623	90,104
Other Revenue	673,437	383,091
Contributions		
Total Unrestricted Revenues, Gains and Contributions	<u>\$ 11,046,460</u>	<u>\$ 10,237,961</u>
OPERATING EXPENSES:		
Skilled Nursing Service	\$ 2,535,852	\$ 2,463,640
Assisted Living	288,229	354,162
Inland Haven	447,401	513,994
Custodial Home Care	552,264	579,801
Administration	1,015,353	1,101,153
Dietary	948,032	938,684
Plant Operation and Maintenance	853,795	836,199
Housekeeping Service	252,196	235,120
Therapy	297,107	267,180
Activities and Social Services	307,290	296,350
Laundry and Linen	133,928	140,465
Cottage and Apartments	149,000	40,320
Depreciation	1,120,861	1,118,492
Interest	644,452	679,632
Insurance	130,041	141,570
Bad Debt	20,004	20,004
Total Operating Expenses	<u>\$ 9,695,805</u>	<u>\$ 9,726,766</u>
INCREASE IN UNRESTRICTED NET ASSETS FROM OPERATIONS	\$ 1,350,655	\$ 511,195
NON-OPERATING INCOME (EXPENSE):		
Unrealized Gain/(Loss) on Investment	2,244	(2,461)
CHANGE IN NET ASSETS	\$ 1,352,899	\$ 508,734
NET ASSETS AT BEGINNING OF THE YEAR	5,080,994	4,572,260
NET ASSETS AT END OF THE YEAR	<u>\$ 6,433,893</u>	<u>\$ 5,080,994</u>

See Accompanying Notes and Accountants' Audit Report

INLAND CHRISTIAN HOME, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the Years Ended December 31, 2015 and 2014

UNRESTRICTED NET ASSETS - JANUARY 1, 2014	\$ 4,572,260
Excess of Revenues Over Expenses - <u>Exhibit B</u>	<u>508,734</u>
UNRESTRICTED NET ASSETS - DECEMBER 31, 2014 - <u>Exhibit A</u>	<u>\$ 5,080,994</u>
 UNRESTRICTED NET ASSETS - JANUARY 1, 2015	 \$ 5,080,994
Excess of Revenues Over Expenses - <u>Exhibit B</u>	<u>1,352,899</u>
UNRESTRICTED NET ASSETS - DECEMBER 31, 2015 <u>Exhibit A</u>	<u>\$ 6,433,893</u>

INLAND CHRISTIAN HOME, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Residents and Donors	\$ 10,530,147	\$ 9,514,117
Cash Paid to Employees and Suppliers	(7,896,663)	(7,944,828)
Interest and Dividend Income	1,396	1,130
Interest Paid	(617,965)	(636,661)
Net Cash Provided by Operating Activities	<u>\$ 2,016,915</u>	<u>\$ 933,758</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Investment	\$ (1,007)	\$ (42,047)
Purchases of Property, Plant and Equipment	(821,433)	(534,236)
Net Cash Used in Investing Activities	<u>\$ (822,440)</u>	<u>\$ (576,283)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Notes Payable	\$ 0	\$ 326,000
Principle Payments on Notes Payable	(334,682)	(827,372)
Annuity Payments	(42,900)	(42,900)
Net Cash Used In Financing Activities	<u>\$ (377,582)</u>	<u>\$ (544,272)</u>
NET INCREASE/(DECREASE) IN CASH	\$ 816,893	\$ (186,797)
CASH BALANCE AT BEGINNING OF THE YEAR	<u>1,025,901</u>	<u>1,212,698</u>
CASH BALANCE AT END OF YEAR	<u>\$ 1,842,794</u>	<u>\$ 1,025,901</u>

See Accompanying Notes and Accountants' Audit Report

INLAND CHRISTIAN HOME, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Increase in Net Assets- <u>Exhibit B</u>	\$ 1,352,899	\$ 508,734
ADJUSTMENTS TO RECONCILE INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation	1,120,861	1,118,492
Bad Debt Expense	20,004	20,004
Amortization of Loan Fees	26,486	26,487
Unrealized (Gain) Loss on Investments	(2,244)	2,461
Donated Investments	(1,264)	(1,082)
Accounts Receivable (Increase)/Decrease	8,437	(27,908)
Prepaid Increase	(2,400)	(7,537)
Accounts Payable Increase/(Decrease)	26,339	(37,202)
Accrued Expenses Increase/(Decrease)	(8,849)	20,887
Patient Account Decrease	0	(22,965)
Unearned Revenue Decrease	(523,354)	(666,613)
Total Adjustments	<u>\$ 664,016</u>	<u>\$ 425,024</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 2,016,915</u>	<u>\$ 933,758</u>

NON-CASH INVESTING AND FINANCING ACTIVITIES

2015 - Donated Investments	\$ 1,264
2015 - Increase in Vehicles and Notes Payable	\$ 64,126
2014 - Donated Investments	\$ 1,082

See Accompanying Notes and Accountants' Audit Report

INLAND CHRISTIAN HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

NATURE OF ACTIVITIES

Inland Christian Home, Inc. is a non-profit organization operating in San Bernardino County which provides skilled nursing care, assisted living including independent cottage and apartment care, custodial care, and an Alzheimer care facility. In 2014, Inland Christian Home was granted provision by the State of California to operate as a continuing care retirement community. This allows the organization to enter into continuing care contracts, which provide varying levels of care based on need. Residents under continuing care contracts as of December 31, 2015 and 2014 were nineteen and seven, respectively.

BASIS OF ACCOUNTING

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

BASIS OF PRESENTATION

Inland Christian Home, Inc. reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Unrestricted - these generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving interest from investments less expenses incurred in provided program related services, raising contributions, and performing administrative functions.

Temporarily Restricted - Gifts of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are classified to unrestricted net assets and reported in the Statement of Activities as net assets released from program or capital restrictions.

Permanently Restricted - These net assets are received from donors who stipulate that resources are to be maintained permanently, but permit the Organization to expend all of the income, or other economic benefits, derived from the donated assets.

INLAND CHRISTIAN HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd):

CASH AND CASH EQUIVALENTS

For purposes of the Consolidated Statement of Cash Flows, the Organization considers all liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

No formal restrictions have been placed on cash by either the organization's charter or by-laws.

INVESTMENTS

Equity Securities are carried at fair market value that is readily determinable. Securities are valued at the closing market price on the last day of the fiscal year. Gains and losses that result from market fluctuations are recognized in the period such fluctuations occur as part of unrestricted net assets. Dividend and interest income are accrued when earned.

ACCOUNTS RECEIVABLE

Accounts receivable are stated at unpaid balances. The Organization provides for an allowance for doubtful accounts based on management's estimate of the collectability of accounts receivable. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

As of December 31, 2015 and 2014, the allowance for doubtful accounts amounted to \$32,088 and \$17,945, respectively.

CONTRIBUTIONS

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Consolidated Statement of Activities as net assets released from restrictions. Inland Christian Home, Inc. had no temporarily or permanently restricted net assets in 2015.

INLAND CHRISTIAN HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd):

INVENTORIES

Inventories at December 31, 2015 are stated at lower of cost or market using the first-in, first-out (FIFO) method, and based on estimated quantities.

Inventory:	
Nursing Station	\$ 3,500
Dietary	12,000
Plant and Operations	600
Linen	10,600
	<u>\$ 26,700</u>

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is carried at historical cost. Donations of property, plant and equipment are recorded at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Depreciation is computed on the straight-line method over the assets' estimated useful lives as follows:

Building and Improvements	3 to 40 years
Equipment and Furniture	3 to 14 years
Vehicles	7 years

USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

INCOME TAXES

Inland Christian Home, Inc. is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of California Revenue and Taxation Code and have been granted tax-exempt status by the IRS and the California Franchise Tax Board. Accordingly, no provision for income taxes is included in the consolidated financial statements.

The Corporation recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. At December 31, 2015 and 2014, there were no uncertain tax positions.

INLAND CHRISTIAN HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd):

FUNCTIONAL ALLOCATION OF EXPENSE

The costs of providing various programs and other activities have been summarized on a functional basis in the Consolidated Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

DEFERRED FINANCING COSTS

Amounts paid for fees and underwriting costs associated with long-term debt are deferred and amortized to interest expense over the expected life of the liability. These costs are amortized using the straight-line method. Unamortized debt issuance cost is offset against notes payable.

REVENUE RECOGNITION

Fees and service revenue are recognized as performed. Payments are received from residents, insurance companies, Medicare and other third-party payers.

FAIR MARKET VALUE

Fair market value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Inland Christian Home, Inc. also follows the fair value hierarchy which requires an entry to maximize the use of observable inputs that may be used to measure fair value:

Level 1 - Observable prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable data for substantially the full-term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little of no market activity and that are significant to the fair value of the assets or liabilities.

As of December 31, 2015 and 2014 all assets were considered Level 1 assets.

CHANGE IN ACCOUNTING PRINCIPLE

Starting December 31, 2015 Inland Christian Home has elected to simplify the presentation of debt issuance costs per FASB ASU 2015-03. This change involves combining unamortized debt issuance costs previously listed as "Loan Fees" with the accompanying note payable on the Consolidated Statement of Financial Position. The specific details of each note including unamortized debt issuance cost can be found in Note 6.

INLAND CHRISTIAN HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015 and 2014

NOTE 2 - UNEARNED PORTION OF PAID RENTS:

As of December 31, 2015, approximately one third of the cottages and apartments were leased for a period of twelve to fifteen years. The terms of all leases call for all rent for the period be payable at the beginning of the lease term. This prepaid rent is amortized under the straight-line method to cottage and apartment rent income at the rate of one-one hundred forty four (1/144) or one-one hundred eighty (1/180) per month. The prepaid rent is refundable to the lessee subject to the cottage or apartment being re-leased.

NOTE 3 - INVESTMENTS:

Investments held at year end were as follows:

	12/31/15		12/31/14	
	Cost	Fair Value	Cost	Fair Value
Cash (Level 1)	\$ 1,842,794	\$ 1,842,794	\$ 1,025,901	\$ 1,025,901
Investments				
Equity Securities				
(Level 1)	\$ 5,938	\$ 45,183	\$ 4,746	\$ 40,668
Total Investments	<u>\$ 1,848,732</u>	<u>\$ 1,887,977</u>	<u>\$ 1,030,647</u>	<u>\$ 1,066,569</u>

Net realized and unrealized gains/(losses) for the year ending December 31, 2015 were \$478 and \$1,766, respectively.

Net realized and unrealized gains/(losses) for the year ending December 31, 2014 were \$0 and \$(2,461), respectively.

INLAND CHRISTIAN HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015 and 2014

NOTE 4 - PROPERTY AND EQUIPMENT

Total depreciation expense for the year ended December 31, 2015 and 2014 is respectively \$1,120,861 and \$1,118,492.

Repairs and Maintenance are charged to expense in the period incurred. Major improvements and assets are capitalized and depreciated.

	<u>2015</u>	<u>2014</u>
Buildings and Improvements	\$ 26,559,815	\$ 26,536,673
Equipment and Furniture	4,895,962	4,801,389
Vehicles	138,336	73,010
Construction in Progress	253,978	34,771
Land	549,186	549,186
Less Accumulated Depreciation	<u>(12,249,896)</u>	<u>(11,612,347)</u>
Totals	<u>\$ 20,147,381</u>	<u>\$ 20,382,682</u>

NOTE 5 - LINE OF CREDIT:

The Organization has an unused \$750,000 non-secured line of credit with Citizens Business Bank which is set to mature on November 30, 2017. The line of credit includes a variable interest rate that is based on the Citizens Business Bank Prime Rate of Interest and is currently at 3.25%.

INLAND CHRISTIAN HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015 and 2014

NOTE 6 - NOTES PAYABLE:

The notes payable as of December 31, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
<u>Private Party Notes</u>		
The Organization has entered into forty four unsecured notes payable with various individuals, with balances on December 31, 2015 ranging from \$10,000 to \$328,000 and interest rates from 2.0% to 5.00%. Amounts mature at various dates through July 2025.	\$ 2,536,000	\$ 2,536,000
<u>Citizens Business Bank</u>		
In August 2013, the Organization entered into a note payable agreement in the amount of \$12,153,500, bearing 4.125% interest, with Citizens Business Bank. Payments are due in monthly installments of \$65,400 through August 2023, at which time a final payment, estimated to be \$8,825,819, is due and payable. The note is secured by real estate.	11,462,854	11,761,569
<u>Citizens Business Bank</u>		
In October 2015, the Organization entered into a note payable agreement in the amount of \$64,126, bearing 3.75% interest, with Citizens Business Bank. Payments are due in monthly installments of \$1,159 through November 2020. The note is secured by the financed vehicle.	62,055	0
<u>Verizon</u>		
In December 2010, the Organization entered into a finance agreement with Verizon in the amount of \$153,888, with an imputed interest rate of 6.25%. Payments are due in monthly installments of \$2,543 for the first twelve months and \$3,179 for months thirteen through sixty. The note is secured by the financed equipment.	0	33,896
Total Notes Payable	<u>\$ 14,060,909</u>	<u>\$ 14,331,465</u>
Less: Unamortized Debt Issuance Costs on 2013 CBB Note	\$ 123,605	\$ 150,091
Less: Current Portion of Notes Payable	893,698	711,644
Long-term Portion of Notes Payable	<u>\$ 13,043,606</u>	<u>\$ 13,469,730</u>

See Accompanying Notes and Accountants' Audit Report

INLAND CHRISTIAN HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015 and 2014

NOTE 6 - NOTES PAYABLE (cont'd):

Future maturities of long-term notes payable are as follows:

<u>Period Ending December 31,</u>	<u>Amount</u>
2016	\$ 893,698
2017	464,756
2018	948,106
2019	376,067
2020	412,638
Thereafter	10,965,644

NOTE 7 - CONCENTRATION OF CREDIT RISK:

A substantial portion of the Organization's accounts receivables are with health insurance companies.

The Organization has concentrated its credit risk for cash by maintaining deposits in a bank located in the same geographic region as the Organization and in excess of the amounts that would have been covered by federal insurance. As of December 31, 2015 and 2014, the Organization carried respective cash balances of \$799,178 and \$869,542 in excess of federally insured limits.

NOTE 8 - MAJOR CUSTOMER:

A material portion of the Organization's business is done with Medicare and Medi-Cal which accounted for approximately 30% of total revenue in the years ended December 31, 2015 and 2014.

NOTE 9 - RETIREMENT PLAN:

The Organization offers a tax deferred annuity program under Internal Revenue Code Section 403(b). The voluntary program allows participants to contribute a percentage of their salary, to be placed in the individual's specific account. The Organization matches the employees personal contribution up to 3% of the employees gross wages after one year of employment. After seven years of employment, the Organization will match up to 5% of the employees total gross wages.

INLAND CHRISTIAN HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015 and 2014

NOTE 10 - GIFT ANNUITY PAYABLE:

The Organization administers gift annuity agreements. Under terms of the gift annuity agreement, donors are paid designated annual sums. The Organization receives a lump sum payment at the beginning of the agreement and discharged from the obligation upon the death of one or both of the donors. Based on donor life expectancy and the use of the applicable federal rate, the present value of the future obligations expected to be paid by the Organization as of December 31, 2015 are as follows:

Donor gifted \$650,000	
With annual payments of \$42,900, Payable	
in quarterly payments of \$10,725 with an	
original present value of obligation	
of \$377,955 on December 22, 2006.	<u>\$ 8,920</u>

NOTE 11 - CONTRIBUTIONS:

The Organization received the following unrestricted contributions for the years ended December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Fundraisers	\$ 8,236	\$ 11,177
Auxiliary	51,330	45,786
Friendship Center	1,325	1,115
Thrift Store	90,000	135,000
CARE Fund, net of distributions	44,822	20,124
Other Donations	477,724	169,889
	<u>\$ 673,437</u>	<u>\$ 383,091</u>

NOTE 12 - FUTURE GIFT:

The Organization is a 10% beneficiary of a charitable remainder trust whose assets total \$9,145,125.

NOTE 13 - LITIGATION:

The Organization has third party insurance coverage for losses on malpractice claims up to \$1,000,000. The Organization has been named in a lawsuit claiming malpractice by one former resident seeking damages of an unknown amount. It is of the opinion of management that the lawsuit is without merit and the company intends to vigorously defend the claim. No amount has been accrued in these financial statements since the outcome of this matter is uncertain and the amount of liability, if any, cannot be determined.

INLAND CHRISTIAN HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015 and 2014

NOTE 14 - SUBSEQUENT EVENTS:

Management has evaluated subsequent events through March 30, 2016, the date the Organization's financial statements were available for issuance, and has determined that there are no additional events which require disclosure or recognition in the financial statements.

SUPPLEMENTAL INFORMATION

INLAND CHRISTIAN HOME, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2015

	Skilled Nursing	Assisted Living	Inland Haven	Custodial Home Care	Dietary	Plant Operations	Housekeeping	Therapy	Social Services	Laundry & Linen	Total Program	Administration	Total
Compensation and Related Expenses													
Compensation	\$ 1,968,515	\$ 197,128	\$ 310,895	\$ 454,492	\$ 450,570	\$ 204,226	\$ 160,007	\$ 193,281	\$ 235,720	\$ 67,264	4,143,098	\$ 449,617	\$ 4,592,715
Payroll Taxes & Employee Benefits	325,344	53,166	74,757	59,193	77,851	29,997	41,849	24,686	38,794	16,763	742,400	57,509	799,909
Total	\$ 2,194,859	\$ 250,294	\$ 385,652	\$ 513,685	\$ 528,421	\$ 234,223	\$ 201,856	\$ 217,967	\$ 274,514	\$ 84,027	4,885,498	\$ 507,126	\$ 5,392,624
Contract Labor	87,429							60,487			147,916		147,916
Dues & Subscriptions											0	23,291	23,291
Employee Relations & Seminars	781	359	289		422				100		1,951	34,593	36,544
Food & Staples					304,369						304,369		304,369
Licenses											0	31,005	31,005
Linen										29,304	29,304		29,304
Marketing											0	53,340	53,340
Office											0	66,068	66,068
Professional Services					19,886				600		20,486	221,515	242,001
Purchased Services	1,080	2,336	3,806		13,076	94,744		4,139			119,181	7,393	126,574
Repairs & Maintenance						91,055				3,156	94,211		94,211
State QA Fees											0	9,600	9,600
Supplies & Equipment	138,129	7,590	17,098		52,807	58,776	37,859	1,392	12,404	13,045	339,100	35,303	374,403
Property Taxes											0	114	114
Travel											0	6,369	6,369
Workers' Comp	113,574	27,850	40,556	38,579	29,051	13,903	12,481	13,122	19,672	4,396	312,984	1,107	314,091
Utilities						361,094					361,094	18,529	379,623
Total Functional Expenses	\$ 2,535,852	\$ 288,229	\$ 447,401	\$ 552,264	\$ 948,032	\$ 853,795	\$ 252,196	\$ 297,107	\$ 307,290	\$ 133,928	\$ 6,616,094	\$ 1,015,363	\$ 7,631,447

See Accompanying Notes

INLAND CHRISTIAN HOME, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2014

	Skilled Nursing	Assisted Living	Inland Haven	Custodial Home Care	Dietary	Plant Operations	Housekeeping	Therapy	Social Services	Laundry & Linen	Total Program	Administration	Total
Compensation	\$ 1,854,959	\$ 260,560	\$ 370,094	\$ 476,670	\$ 424,657	\$ 156,695	\$ 147,864	\$ 176,509	\$ 226,435	\$ 73,423	4,169,876	\$ 425,876	\$ 4,595,752
Payroll Taxes & Employee Benefits	336,233	54,353	84,266	64,807	75,053	23,493	41,048	24,252	39,043	22,296	764,844	89,441	854,285
Total	\$ 2,191,192	\$ 314,913	\$ 454,360	\$ 541,477	\$ 499,710	\$ 182,178	\$ 188,912	\$ 200,761	\$ 265,478	\$ 95,719	4,934,720	\$ 515,317	\$ 5,450,037
Contract Labor	30,179							49,473			79,652		79,652
Dues & Subscriptions											0	23,809	23,809
Employee Relations & Seminars	717	691	627		367	300					2,702	32,523	35,225
Food & Staples					327,819						327,819		327,819
Licenses											0	26,726	26,726
Linen										20,552	20,552		20,552
Marketing											0	54,427	54,427
Office											0	67,594	67,594
Professional Services					19,862						0	212,430	232,692
Purchased Services					12,100	122,248		4,580	600		20,462	7,941	153,655
Repairs & Maintenance	1,050	2,468	3,238								145,714		149,412
State QA Fees						77,421				2,396	79,817		82,213
Supplies & Equipment	137,811	10,106	17,735		54,137	58,211	35,138	1,344	12,546	17,493	344,521	47,717	392,238
Property Taxes											0	114	114
Travel											0	8,489	8,489
Workers' Comp	102,681	25,984	38,034	38,324	24,689	10,442	11,050	11,022	17,726	4,305	284,237	3,196	287,433
Utilities						385,399					385,399	18,302	403,701
Total Functional Expenses	\$ 2,463,640	\$ 354,162	\$ 513,994	\$ 579,801	\$ 938,684	\$ 836,199	\$ 235,120	\$ 267,180	\$ 296,350	\$ 140,465	\$ 6,625,595	\$ 1,101,153	\$ 7,726,748

See Accompanying Notes

INLAND CHRISTIAN HOME, INC.

**STATE OF CALIFORNIA
CONTINUING CARE RESERVE REPORT**

**For the Fiscal Year Ended December 31, 2015
And
Independent Auditor's Report**

INLAND CHRISTIAN HOME, INC.

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December 31, 2015

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INDEPENDENT AUDITORS' REPORT

March 30, 2016

Board of Directors
Inland Christian Home, Inc.

We have audited the accompanying Continuing Care Reserve Report for Inland Christian Home, Inc. a California Not-For-Profit Corporation, as of and for the year ended December, 31 2015.

Management's Responsibility for the Continuing Care Reserve Report

Management is responsible for the preparation and fair presentation of the Continuing Care Reserve Report in accordance with the reporting provisions of California Health and Safety Code Section 1792. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Continuing Care Reserve Report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Continuing Care Reserve Report based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Continuing Care Reserve Report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Continuing Care Reserve Report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Continuing Care Reserve Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Continuing Care Reserve Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Continuing Care Reserve Report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Ontario, California 91764
(909) 948-1717
Fax (909) 948-0707

Mailing Address
P.O. Box 4559
Rancho Cucamonga, CA 91729-4559
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Tulare Office
120 North "L" Street
Tulare, California 93274
(559) 685-1700
Fax (559) 688-3740

Opinion

In our opinion, such Continuing Care Reserve Report Forms 5-1 through 5-5 present fairly, in all material respects, the liquid reserve requirements of Inland Christian Home, Inc. at December 31, 2015, in conformity with the report preparation provisions of California Health and Safety Code Section 1792.

Basis of Accounting

The Continuing Care Reserve Report is prepared for the purpose of complying with the California Health and Safety Code Section 1792 and is not intended to be a complete presentation of Inland Christian Home's assets, liabilities, revenues and expenses and as such is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Restriction of Use

This report is intended solely for the information and use of the board of directors and management of Inland Christian Home, Inc. and for filing with the California Department of Social Services and is not intended to be and should not be used for any other purpose. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in dark ink, appearing to read "Van Dyk & Associates", is written in a cursive, flowing style.

VAN DYK & ASSOCIATES

INLAND CHRISTIAN HOME, INC.
FORM 5-1, LONG-TERM DEBT INCURRED IN A PRIOR FISCAL YEAR
INCLUDING BALLOON DEBT
For The Year Ended December 31, 2015

FORM 5-1 LONG-TERM DEBT INCURRED IN A PRIOR FISCAL YEAR (Including Balloon Debt)					
Long-Term Debt Obligation	(a) Date Incurred	(b) Principal Paid During Fiscal Year	(c) Interest Paid During Fiscal Year	(d) Credit Enhancement Premiums Paid In Fiscal year	(e) Total Paid (columns (b) + (c) + (d))
1	Various	0	123,599	0	123,599
2	Aug-13	298,715	486,079	0	784,794
3					
4					
5					
6					
7					
8					
TOTAL:		298,715	609,678	0	908,393

(Transfer this amount to
Form 5-3, Line 1)

Note: For column (b), do not include voluntary payments made to pay down principal.

PROVIDER: INLAND CHRISTIAN HOME, INC

FORM 5-1

INLAND CHRISTIAN HOME, INC.
FORM 5-2, LONG-TERM DEBT INCURRED DURING FISCAL YEAR
INCLUDING BALLOON DEBT
For The Year Ended December 31, 2015

FORM 5-2 LONG-TERM DEBT INCURRED DURING FISCAL YEAR (Including Balloon Debt)				
Long-Term Debt Obligation	(a) Date Incurred	(b) Total Interest Paid During Fiscal Year	(c) Amount of Most Recent Payment on the Debt	(d) Number of Payments over next 12 months
1	Various	6,996	3,341	4
2	Oct-15	634	1,159	12
3				
4				
5				
6				
7				
8				
TOTAL:		7,630	4,500	16
				27,272

(Transfer this amount to
Form 5-3, Line 2)

Note: For column (b), do not include voluntary payments made to pay down principal.

PROVIDER: INLAND CHRISTIAN HOME, INC

FORM 5-2

INLAND CHRISTIAN HOME, INC.
FORM 5-3, CALCULATION OF LONG-TERM DEBT RESERVE AMOUNT
 For The Year Ended December 31, 2015

FORM 5-3 CALCULATION OF LONG-TERM DEBT RESERVE AMOUNT	
LINE	TOTAL
1	908,393
2	27,272
3	0
TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:	
4	935,665
PROVIDER: INLAND CHRISTIAN HOME, INC. FORM 5-3	

INLAND CHRISTIAN HOME, INC.
FORM 5-4, CALCULATION OF LONG-TERM DEBT RESERVE AMOUNT
 For The Year Ended December 31, 2015

FORM 5-4 CALCULATION OF LONG-TERM DEBT RESERVE AMOUNT		
LINE	AMOUNTS	TOTAL
1	Total operating expenses from financial statements	9,695,805
2	Deductions	
a	Interest paid on long-term debt	617,308
b	Credit enhancement premiums paid for long-term debt	0
c	Depreciation	1,120,861
d	Amortization	26,487
e	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	9,945,656
f	Extraordinary expenses approved by the Department	0
3	Total Deductions	11,710,312
4	Net Operating Expenses	0
5	Divide Line 4 by 365 and enter the result.	0
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.	0
PROVIDER: INLAND CHRISTIAN HOME, INC COMMUNITY: SAME AS ABOVE		FORM 5-4

FORM 5-5
ANNUAL RESERVE CERTIFICATION

Provider Name: Inland Christian Home, Inc

Fiscal Year Ended: 12/31/15

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended 12/31/15, and are in compliance with those requirements

Our liquid reserve requirements, computed using the audited financial statements for the fiscal year are as follows:

[1]	Debt Service Reserve Amount	935,665
[2]	Operating Expense Reserve Amount	0
[3]	Total Liquid Reserve Amount	935,665

Qualifying assets sufficient to fulfill the above requirements are held as follows:

		AMOUNT (Market Value at end of year)	
<u>Qualifying Asset Description</u>		<u>Debt Service Reserve</u>	<u>Operating Reserve</u>
[4]	Cash and Cash Equivalents	1,742,794	100,000
[5]	Investment Securities		
[6]	Equity Securities	45,183	
[7]	Unused/Available Lines of Credit		
[8]	Unused/Available Letters of Credit		
[9]	Debt Service Reserve		Not Applicable
[10]	Other: (Describe)		
Total Amount of Qualifying Assets Listed for Liquid Reserve:		[11] 1,787,977	[12] 100,000
Total Amount Required:		[13] 935,665	[14] 0
Surplus / (Deficiency):		[15] 852,312	[16] 100,000

Signature:



(Authorized Representative)

Date:

Executive Director

(Title)

FORM 5-5

SUPPLEMENTARY SCHEDULES

Inland Christian Home, Inc.
Attachment to Form 5-5
Reconciliation to Audit Report
For The Year Ended December 31, 2015

Total Cash and Investments per Audited Statement of Financial Position:	
Cash	\$ 1,842,794
Investments	45,183
Total Cash and Investments	<u>\$ 1,887,977</u>
Qualifying Assets per Form 5-5:	
Debt Service Reserve (Line 11)	\$ 1,787,977
Operating Reserve (Line 12)	100,000
Total Qualifying Assets	<u>\$ 1,887,977</u>

**Continuing Care Retirement Community
Disclosure Statement
General Information**

Date Prepared: 4/20/16

FACILITY NAME: Inland Christian Home, Inc.
 ADDRESS: 1950 S. Mountain Ave., Ontario, CA ZIP CODE: 91762 PHONE: 909-983-0084
 PROVIDER NAME: Inland Christian Home, Inc. FACILITY OPERATOR: Inland Christian Home, Inc.
 RELATED FACILITIES: None RELIGIOUS AFFILIATION: Christian Reformed, United Reformed, Reformed Church of America
 YEAR # OF ☐ SINGLE ☐ MULTI- MILES TO SHOPPING CTR: 1
 OPENED: 1978 ACRES: 12 STORY STORY ☒ OTHER: Multiple buildings from 1 to 3 stories MILES TO HOSPITAL: 3

NUMBER OF UNITS:

RESIDENTIAL LIVING

APARTMENTS — STUDIO: 2
 APARTMENTS — 1 BDRM: 16
 APARTMENTS — 2 BDRM: 53
 COTTAGES/HOUSES: 41

RLU OCCUPANCY (%) AT YEAR END: 95.54%

HEALTH CARE

ASSISTED LIVING: 32
 SKILLED NURSING: 59
 SPECIAL CARE: 18

DESCRIPTION: > Memory Care

TYPE OF OWNERSHIP: ☒ NOT-FOR-PROFIT ☐ FOR-PROFIT ACCREDITED?: ☐ YES ☐ NO BY: _____

FORM OF CONTRACT: ☒ CONTINUING CARE ☐ LIFE CARE ☐ ENTRANCE FEE ☒ FEE FOR SERVICE
 (Check all that apply) ☐ ASSIGNMENT OF ASSETS ☐ EQUITY ☐ MEMBERSHIP ☒ RENTAL

REFUND PROVISIONS: (Check all that apply) ☐ 90% ☐ 75% ☐ 50% ☐ FULLY AMORTIZED ☐ OTHER: N/A

RANGE OF ENTRANCE FEES: \$ 0 - \$ 0 LONG-TERM CARE INSURANCE REQUIRED? ☐ YES ☒ NO

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: No

ENTRY REQUIREMENTS: MIN. AGE: 65 PRIOR PROFESSION: None OTHER: None

RESIDENT REPRESENTATIVE(S) TO THE BOARD (briefly describe their involvement): > One resident is elected to the Board of Directors and
 > has all the rights and privileges of a Director.

FACILITY SERVICES AND AMENITIES

COMMON AREA AMENITIES	AVAILABLE	FEE FOR SERVICE	SERVICES AVAILABLE	INCLUDED IN FEE	FOR EXTRA CHARGE
BEAUTY/BARBER SHOP	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HOUSEKEEPING (<u>2</u> TIMES/MONTH)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BILLIARD ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	MEALS (<u>3</u> /DAY)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
BOWLING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	SPECIAL DIETS AVAILABLE	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CARD ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
CHAPEL	<input type="checkbox"/>	<input type="checkbox"/>	24-HOUR EMERGENCY RESPONSE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
COFFEE SHOP	<input type="checkbox"/>	<input type="checkbox"/>	ACTIVITIES PROGRAM	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CRAFT ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ALL UTILITIES EXCEPT PHONE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
EXERCISE ROOM	<input type="checkbox"/>	<input type="checkbox"/>	APARTMENT MAINTENANCE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
GOLF COURSE ACCESS	<input type="checkbox"/>	<input type="checkbox"/>	CABLE TV	<input checked="" type="checkbox"/>	<input type="checkbox"/>
LIBRARY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	LINENS FURNISHED	<input type="checkbox"/>	<input checked="" type="checkbox"/>
PUTTING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	LINENS LAUNDERED	<input type="checkbox"/>	<input checked="" type="checkbox"/>
SHUFFLEBOARD	<input checked="" type="checkbox"/>	<input type="checkbox"/>	MEDICATION MANAGEMENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>
SPA	<input type="checkbox"/>	<input type="checkbox"/>	NURSING/WELLNESS CLINIC	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SWIMMING POOL-INDOOR	<input type="checkbox"/>	<input type="checkbox"/>	PERSONAL HOME CARE	<input type="checkbox"/>	<input checked="" type="checkbox"/>
SWIMMING POOL-OUTDOOR	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PERSONAL	<input type="checkbox"/>	<input checked="" type="checkbox"/>
TENNIS COURT	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PREARRANGED	<input type="checkbox"/>	<input checked="" type="checkbox"/>
WORKSHOP	<input type="checkbox"/>	<input type="checkbox"/>	OTHER _____	<input type="checkbox"/>	<input type="checkbox"/>
OTHER _____	<input type="checkbox"/>	<input type="checkbox"/>			

All providers are required by Health and Safety Code section 1789.1 to provide this report to prospective residents before executing a deposit agreement or continuing care contract, or receiving any payment. Many communities are part of multi-facility operations which may influence financial reporting. Consumers are encouraged to ask questions of the continuing care retirement community that they are considering and to seek advice from professional advisors.

PROVIDER NAME: Inland Christian Home, Inc.

<u>OTHER CCRCs</u>	<u>LOCATION (City, State)</u>	<u>PHONE (with area code)</u>
None		

<u>MULTI-LEVEL RETIREMENT COMMUNITIES</u>	<u>LOCATION (City, State)</u>	<u>PHONE (with area code)</u>

<u>FREE-STANDING SKILLED NURSING</u>	<u>LOCATION (City, State)</u>	<u>PHONE (with area code)</u>

<u>SUBSIDIZED SENIOR HOUSING</u>	<u>LOCATION (City, State)</u>	<u>PHONE (with area code)</u>

NOTE: PLEASE INDICATE IF THE FACILITY IS A LIFE CARE FACILITY.

PROVIDER NAME: Inland Christian Home, Inc.

	2012	2013	2014	2015
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME				
(Excluding amortization of entrance fee income)	\$7,922,000	\$9,391,182	\$9,824,044	\$10,345,251
LESS OPERATING EXPENSES				
(Excluding depreciation, amortization, and interest)	-\$7,028,000	-\$7,971,731	-\$7,928,642	-\$7,930,492
NET INCOME FROM OPERATIONS	\$894,000	\$1,418,451	\$1,895,402	\$2,414,759
LESS INTEREST EXPENSE	-\$818,000	-\$772,997	-\$653,145	-\$617,965
PLUS CONTRIBUTIONS	\$315,000	\$420,743	\$413,917	\$701,209
PLUS NON-OPERATING INCOME (EXPENSES)				
(excluding extraordinary items)	\$0	\$16,030	-\$2,461	\$2,244
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	\$391,000	\$1,083,227	\$1,653,713	\$2,500,247
NET CASH FLOW FROM ENTRANCE FEES				
(Total Deposits Less Refunds)	\$0	\$0	\$0	\$0

DESCRIPTION OF SECURED DEBT (as of most recent fiscal year end)

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
Citizens Business Bank	\$11,462,854	4.13%	8/23/13	8/23/23	10 years
Citizens Business Bank	\$62,055	3.75%	10/09/15	11/01/20	5 years

FINANCIAL RATIOS (see next page for ratio formulas)

	2013 CCAC Medians 50 th Percentile (optional)	2013	2014	2015
DEBT TO ASSET RATIO		73.0%	60.9%	57.4%
OPERATING RATIO		89.2%	91.8%	86.3%
DEBT SERVICE COVERAGE RATIO		2.1	2.6	3.1
DAYS CASH ON HAND RATIO		56	45	81

HISTORICAL MONTHLY SERVICE FEES (Average Fee and Change Percentage)

	2012	%	2013	%	2014	%	2015
STUDIO	\$1,055	3.3	\$1,090	39	\$1,515	2.0	\$1,545
ONE BEDROOM	\$1,318	3.0	\$1,358	38	\$1,868	1.9	\$1,903
TWO BEDROOM	\$1,796	2.9	\$1,848	24	\$2,290	2.5	\$2,348
COTTAGE/HOUSE	\$1,219	3.1	\$1,256	35	\$1,699	1.9	\$1,731
ASSISTED LIVING	\$82/day	3.5	\$85/day	4.7	\$89/day	0.0	\$89/day
SKILLED NURSING	\$225/day	3.6	\$233/day	3.0	\$240/day	2.1	\$245/day
SPECIAL CARE	\$122/day	3.3	\$126/day	4.0	\$130/day	0.0	\$130/day

COMMENTS FROM PROVIDER: > 2014 rates were increased significantly for new residents in apartments and cottages to be in line with the market

> rates after a study was completed.

>

PROVIDER NAME: Inland Christian Home, Inc.

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

$$\frac{\text{Long-Term Debt, less Current Portion}}{\text{Total Assets}}$$

OPERATING RATIO

$$\frac{\begin{array}{l} \text{Total Operating Expenses} \\ - \text{Depreciation Expense} \\ - \text{Amortization Expense} \end{array}}{\text{Total Operating Revenues} - \text{Amortization of Deferred Revenue}}$$

DEBT SERVICE COVERAGE RATIO

$$\frac{\begin{array}{l} \text{Total Excess of Revenues over Expenses} \\ + \text{Interest, Depreciation, and Amortization Expenses} \\ \text{Amortization of Deferred Revenue} + \text{Net Proceeds from Entrance Fees} \end{array}}{\text{Annual Debt Service}}$$

DAYS CASH ON HAND RATIO

$$\frac{\begin{array}{l} \text{Unrestricted Current Cash \& Investments} \\ + \text{Unrestricted Non-Current Cash \& Investments} \end{array}}{(\text{Operating Expenses} - \text{Depreciation} - \text{Amortization})/365}$$

NOTE: These formulas are also used by the Continuing Care Accreditation Commission. For each formula, that organization also publishes annual median figures for certain continuing care retirement communities.

FORM 7-1
REPORT ON CCRC MONTHLY SERVICE FEES

	<u>RESIDENTIAL LIVING</u>	<u>ASSISTED LIVING</u>	<u>SKILLED NURSING</u>
[1] Monthly Service Fees at beginning of reporting period: (indicate range, if applicable)	<u>\$1,545 to \$2,385</u>	<u>\$89/day to \$130/day</u> (includes memory care)	<u>\$240/day to \$270/day</u>
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	<u>1.8% to 2.0%</u>	<u>0%</u>	<u>1.8% to 2.1%</u>

☐ Check here if monthly service fees at this community were not increased during the reporting period. (If you checked this box, please skip down to the bottom of this form and specify the names of the provider and community.)

[3] Indicate the date the fee increase was implemented: January 1, 2015
 (If more than 1 increase was implemented, indicate the dates for each increase.)

[4] Check each of the appropriate boxes:

- ☒ Each fee increase is based on the provider's projected costs, prior year per capita costs, and economic indicators.
- ☒ All affected residents were given written notice of this fee increase at least 30 days prior to its implementation.
- ☒ At least 30 days prior to the increase in monthly service fees, the designated representative of the provider convened a meeting that all residents were invited to attend.
- ☒ At the meeting with residents, the provider discussed and explained the reasons for the increase, the basis for determining the amount of the increase, and the data used for calculating the increase.
- ☒ The provider provided residents with at least 14 days advance notice of each meeting held to discuss the fee increases.
- ☒ The governing body of the provider, or the designated representative of the provider posted the notice of, and the agenda for, the meeting in a conspicuous place in the community at least 14 days prior to the meeting.

[5] On an attached page, provide a concise explanation for the increase in monthly service fees including the amount of the increase.

PROVIDER: Inland Christian Home, Inc.
COMMUNITY: Inland Christian Home, Inc.

Form 7-1

Report on CCRC Monthly Service Fees

Attachment to Item [5]:

Rate increases on monthly fees were approved within the annual budget by the Board of Directors. The amount of the increases are determined based on projected operating costs of the continuing care retirement community, economic indicators, community census information, current market rates and other factors. Beginning January 1, 2015, there was an increase of approximately 2% for apartments, cottages and Skilled Nursing. Assisted Living and Memory Care did not have an increase to the base rates. The additional rates for higher levels of care for Assisted Living and Memory Care were increased from 5% to 13%. Residents of Apartments and Cottages who moved in prior to 2014 and have a grandfathered rent rate had increases of approximately 5% from 2014.